

RESOLUTION NO. 2009-107

A RESOLUTION OF THE LODI CITY COUNCIL APPROVING PROGRAM GUIDELINES FOR A FIRST TIME HOME BUYER PROGRAM AND AUTHORIZING AN APPLICATION TO THE STATE OF CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT FOR \$800,000 OF HOME INVESTMENT PARTNERSHIPS PROGRAM FUNDING; AND IF SELECTED, THE EXECUTION OF A STANDARD AGREEMENT, ANY AMENDMENTS THERETO, AND OF ANY RELATED DOCUMENTS NECESSARY TO PARTICIPATE IN THE HOME INVESTMENT PARTNERSHIP PROGRAM

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WHEREAS, the City of Lodi has historically funded a First Time Home Buyer Program with HOME Investment Partnerships Program (HOME) funds received annually from the U.S. Department of Housing and Urban Development (HUD) as a participating jurisdiction in the San Joaquin Urban County; and

WHEREAS, now as an Entitlement Community the HOME fund allocation from HUD is now forwarded to the State of California Housing and Community Development Department (HCD); and

WHEREAS, HOME funds are to be used for the purposes set forth in Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990, in federal implementing regulations set forth in Title 24 of the Code of Federal Regulations, part 92, and in Title 25 of the California Code of Regulations commencing with section 8200; and

WHEREAS, HCD is authorized to make those HOME funds available through a competitive application process and on June 1, 2009, HCD issued a 2009 Notice of Funding Availability announcing the availability of funds under the HOME program, and in response to that, the City of Lodi, a Municipal Corporation, wishes to apply to HCD for, and receive an allocation of, HOME funds.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby approve the Program Guidelines, as attached hereto as Exhibit A, which establish a First Time Home Buyer Program pursuant to the requirements of HCD and authorizes an application to HCD for HOME funds for that program not to exceed \$800,000 for the following activities and/or programs:

- First-time homebuyer downpayment assistance to low- and very low-income households for the purchase of qualified homes in the City of Lodi.

BE IT FURTHER RESOLVED that, if the application for funding is approved, the City hereby agrees to use HOME funds for eligible activities in the manner presented in the application as approved by HCD in accordance with the statutes and regulations stated above. The City Manager is authorized and may also execute a standard agreement, any amendments thereto, and any and all other documents or instruments necessary or required by HCD for participation in the HOME program.

Dated: August 5, 2009

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I hereby certify that Resolution No. 2009-107 was passed and adopted by the Lodi City Council in a regular meeting held August 5, 2009, by the following vote:

AYES: COUNCIL MEMBERS – Hitchcock, Johnson, Katzakian, Mounce,
and Mayor Hansen

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None



RANDI JOHL
City Clerk

Exhibit A

First Time Home Buyer Down-Payment Assistance Program Guidelines

City of Lodi

DRAFT

FIRST-TIME HOMEBUYER DOWNPAYMENT ASSISTANCE PROGRAM GUIDELINES

Revised
July 29, 2009



CITY OF LODI

**FIRST-TIME HOMEBUYER
DOWNPAYMENT ASSISTANCE PROGRAM**

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INTRODUCTION

It is the intent of the City of Lodi to offer first-time homebuyer downpayment assistance to low- and very low-income households for the purchase of qualified homes in the City of Lodi through the HOME Program.

Funding for this program is provided by the California Department of Housing and Community Development (HCD) and is made available by the U. S. Department of Housing and Urban Development (HUD). It is to be used for purposes set forth in regulations Title 24, Code of Federal Regulations, Part 92, and Title 25, California Code of Regulations, commencing with Section 8200.

The HOME grant will be used in the City to provide loans to low- and very low-income households to enable them to qualify for permanent financing of single-family homes. The downpayment assistance will be up to \$60,000 depending on need and based on family income.

SECTION A. COMMON PROGRAM GUIDELINES

PROGRAM DESCRIPTION

- A1. Income Limits by Household Size:** Downpayment assistance loans are available to households with incomes at or below 80 percent of the median income for the City of Lodi. HUD calculates the income levels on an annual basis and adjusts them by household size. The 2009 income limits are as follows:

| Household Size | 1 Person | 2 Persons | 3 Persons | 4 Persons | 5 Persons | 6 Persons | 7 Persons | 8 Persons |
|----------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Income Limit | \$35,650 | \$40,700 | \$45,800 | \$50,900 | \$54,950 | \$59,050 | \$63,100 | \$67,200 |

Annual income shall be determined by projecting the income of the family over a twelve-month period, in accordance with the 24 CFR Part 5 (Section 8) method for income determination as described in “Technical Guide for Determining Income and Allowances for the HOME Program, January 2005” or other guide effective as of the income qualification date. Income will be calculated using the most recent pay stubs, income tax returns, W-2 forms, and Form 1099’s of all adults in the family, as described in 24 CFR, Part 92.203 (b) (1-3) and (d)(1). Expected raises, overtime pay, and bonuses are also included in the projected annual income. All information regarding salary and supplemental income will be confirmed with the current employer(s).

Household: A household is defined as one or more persons who live together as a family in a single housing structure.

- A2. Lead Based Paint Hazards:** All homes built prior to 1978 must be inspected by a State Licensed Lead-Based Paint Inspector/Assessor in accordance with the EPA work



standards at 40 CFR 745.227. The Seller of the home must agree in writing that all defective paint will be abated prior to the close of escrow and that the cost of the abatement shall be paid by the Seller.

Notification:

Prior to making an offer to purchase a pre-1978 home, the Buyer will be given a copy of and asked to read the EPA pamphlet “Protect Your family From Lead in Your Home” (EPA 747-K-94-001, April 1999) (Exhibit 1). Evidence the pamphlet was given to the Homebuyer will be included in the purchaser’s file.

Inspections:

The Inspector shall conduct a “visual assesment” of all painted surfaces in order to identify deteriorated paint. All deteriorated paint will be stabilized in accordance with CFR 35.1330 (a) and (b); and a Clearance shall be made in accordance with CFR 35.1340 This assessment shall include all outbuildings and structures on the property.

Abatement:

If abatement is required, the contractor performing the abatement shall be given a copy of the Abatement Guidelines (24CFR35.1325 et seq.), a copy of the HUD publication “Lead Paint Safety: A Field Guide for Painting, Home Maintenance, and Renovation Work,” and a list of the “Prohibited Methods of Paint Removal” (24 CFR 35.140). (See Exhibit 1 for sample documents.)

Homebuyer Program Lead Compliance Document Checklist:

The following documents should be in each Homebuyer unit file to document compliance with the lead requirements:

| Document Name | Purpose | ✓ |
|---|---|---|
| Lead Safe Housing:Rule Screening: Sheet | Documents exemptions | |
| Physical inspection form (HQS or equivalent) | Documents visual assessment results | |
| Seller Certification | Seller certifies that paint was stabilized by qualified workers and that safe work practices were followed during paint stabilization | |
| Clearance Report and Clearance Review Worksheet | Documents that unit passed clearance | |
| Disclosure Form | Documents that buyer received disclosure and pamphlet. | |
| Lead Hazard Reduction Notice | Documents that buyer received required lead hazard reduction notification. | |

his was taken from the HUD Website at:

<http://www.hud.gov/offices/cpd/affordablehousing/training/leadsafe/usefulforms/index.cfm#crosscutting>



A3. Conflict Of Interest Provision:

No persons having any decision-making powers over the HOME First-Time Homebuyer program shall be allowed to participate in the City's HOME program. This restriction includes all permanent staff, contractors, and temporary staff who work, in any capacity, with the City's HOME program. When the Sponsor's program contains Federal funds, the following shall be addressed: in accordance with Title 24, Section 570.611 of the Code of Federal Regulations, no member of the governing body and no official, employee, or agent of the local government, nor any other person who exercises policy or decision-making responsibilities (including members of the loan committee and officers, employees, and agents of the loan committee, the administrative agent, contractors, and similar agencies) in connection with the planning and implementation of the Program shall directly or indirectly be eligible for this Program. Exceptions to this policy can be made only after public disclosure and formal approval by the governing body of the locality.

A4. Description of type of HOME Assistance:

- a. **Loan Type:** the loan will be a deferred payment (silent second) loan, with a maximum amount of \$60,000.
- b. **Interest Rate:** The interest rate will be two percent (2%) simple interest per annum.
- c. **Term:** The loan shall become due and payable **30** years from the close of escrow, upon transfer of the property, or when the home is no longer owner-occupied, whichever comes first.
- d. **Maximum Purchase Price:** The maximum purchase price of the home is limited by HUD and is adjusted on a regular basis. For 2009, the maximum purchase price in San Joaquin County is \$362,790.
- e. **Buyer Contribution:** The buyer will be required to contribute two percent (2%) of the purchase price into the escrow account as their portion of the downpayment.

A5. Program Outreach and Marketing:

All outreach efforts will be done in accordance with state and federal fair lending regulations to assure nondiscriminatory treatment, outreach and access to the Program. No person shall, on the grounds of age, ancestry, color, creed, physical or mental disability or handicap, marital or familial status, medical condition, national origin, race, religion, gender or sexual orientation be excluded, denied benefits or subjected to discrimination under the Program. The Sponsor will ensure that all persons, including those qualified individuals with handicaps have access to the Program.

- a. The Fair Housing Lender logo will be placed on all outreach materials. Fair housing marketing actions will be based upon a characteristic analysis comparison (census data may be used) **of** the Program's eligible area



compared to the ethnicity of the population served by the Program (includes, separately, all applications given out and those receiving assistance) and an explanation of any underserved segments of the population. This information is used to show that protected classes (age, gender, ethnicity, race, and disability) are not being excluded from the Program. (For HOME, the Sponsor shall develop a Fair Housing Marketing Plan prior to project set up). Flyers or other outreach materials, in English and any other language that is the primary language of a significant portion of the area residents, will be widely distributed in the Program-eligible area and will be provided to any local social service agencies. The Program may sponsor homebuyer classes to help educate homebuyers about the home buying process and future responsibilities. Persons who have participated in local homebuyer seminars will be notified about the Program.

- b. The Program Operator will work closely with local real estate agents and primary lenders to explain the Program requirements for eligible housing units and homebuyers, and to review Program processes. Local real estate agents and primary lenders will also be encouraged to have their customers participate in the Program.
- c. Section 504 of the Rehabilitation Act of 1973 prohibits the exclusion of an otherwise qualified individual, solely by reason of disability, from participation under any program receiving Federal funds. The Program Sponsor should take appropriate steps to ensure effective communication with disabled housing applicants, residents and members of the public.”

A6. Homebuyer Education

Buying a home can be one of the most confusing and complicated transactions anyone can make. Providing the future homebuyer with informative homebuyer education training can bring success to the Program and, most importantly, the homebuyer. All Program participants are required to attend a HUD-certified homebuyer education class. The homebuyer education class may cover such topics as the following: preparing for homeownership, available financing, credit analysis, loan closing, homeownership responsibilities, home maintenance, and loan servicing. The City will issue a certificate of completion to prospective homebuyers who successfully complete the homebuyer education course. A copy of the certificate will be sent to HCD.

A7. Description of Inspection Procedures

- a. To determine compliance with local codes (or Housing Quality Standards if there are no codes), existing homes will be inspected by either (1) a City Building or Housing Inspector, and/or (2) a designated inspector contracted with the City. The house shall meet, as a minimum standard requirement, all applicable local codes and health and safety standards. In addition, a pest inspection ~~of~~ the property shall be made by a licensed inspector. Any work required to correct existing conditions shall be made



prior to the close of escrow. Said repairs and reinspection shall be made at the expense of the Seller.

- b. Other inspections and repairs may be required by the Lender before they will make a loan on the property. Items such as the condition of the foundation, roof, doors, and windows and plumbing will all be of concern to the Lender. These inspections will insure that a first-time homebuyer will not purchase a substandard home or a home needing major repairs.

A8. Maximum Amount of Home Assistance:

The maximum amount of HOME assistance per family shall be \$60,000. The actual amount shall be calculated based on the buyers' debt ratios and the maximum first mortgage loan they can obtain.

A9. Equal Housing Opportunity:

By City resolution, the City of Lodi is committed to providing equal access to HOME funds by all eligible households in the City without consideration for race, creed, color, national origin, sex, disability, or other classification.

During the operation of the HOME Program, the City, the Project Manager, and the Consultants will supervise the review of the loan applications and screening of applicants to insure that all Fair Housing Laws are upheld. The City will enter into a Voluntary Affirmative Marketing Agreement with State HCD and use the Equal Housing Opportunity logo in all advertising. Copies of the Federal and State Fair Housing Laws will be made available to all interested parties. A copy of all advertising and marketing materials will be retained by the City and forwarded as required to the HCD.

A10. Eligible Households and Properties Selection Process:

Eligible properties will be any home, under the maximum sales price, in the incorporated area of Lodi that meets or exceeds local codes as required by HUD and the minimum FHA standards required by CHFA. The City will determine household income eligibility in accordance with HUD's Technical Guide for Determining Income and Allowances for the HOME Program. Eligible buyers will be qualified on a first-come-first-served basis, *generally* according to the following schedule:

- a. Applicant picks up a Program Application from the City, completes the form, and returns it to the City (Exhibit 5);
- b. The City, or their Consultant, determines eligibility according to current income limits, and
- c. Sends a letter to each eligible applicant explaining the step-by-step process for participation. All applicants are encouraged to call the City if they have any questions.



1. If the household income is over the program limit, the applicant will be notified that, although they do not qualify for the program, they may make enough money to buy a house.
 2. If the applicant does not make enough to qualify for a loan to purchase any available housing in the City, the applicant may be referred to alternative financing options.
 3. All persons in residence are considered household members for purposes of income eligibility.
- d. Applicants contact one of the lenders listed in the letter to begin qualifying according to industry standards which includes providing verification of income, expenses, family size, and other information according to the City's procedures entitled "City of Lodi First-Time Homebuyer Lending Guidelines" (Exhibit 6).
 - e. If the applicant's income is within program guidelines and sufficient to purchase available homes with downpayment assistance, the applicant will be directed to find a real estate agent to help locate a home, prepare a contract, and begin the loan process.
 - f. The lender will obtain a credit report for the applicants, and will then calculate the price range that the buyer can afford.
 - g. The applicants then select a home and enter into a sales agreement.
 - h. Upon receipt of an accepted purchase agreement the lender will process the loan and send the loan package the City for approval. At this time the buyers will contribute their 2% downpayment to escrow.
 - i. Upon receipt of the loan package the City will review the package for compliance with state and federal guidelines.
 - j. When escrow is ready to close, the City will send loan instructions, the HUD reimbursement forms, and the Promissory Note and Deed of Trust to the title company. The City will forward to the State Department of Housing and Community Development a completed and signed Project Set-Up Report and the Project Drawdown Request forms. The City will then draw a check for the loan, and the check will be picked up by the escrow company.
 - k. Upon receipt of the Drawdown Request, the State will set-up the request with HUD and will send the City a reimbursement check within approximately 30 days.
 - l. Escrow agent prepares the City documents for execution and recording.
 - m. Escrow closes, documents are recorded, and exhibits are forwarded to the City within 14 days for file.
 - n. Applicants move into their home.
 - o. The City receives a completed loan package for their permanent file.
 - p. The City will set-up a monitoring procedure for annual review of grant recipient conformance with terms of the loan.



- q. The City Finance Department reports the loans on an annual basis to the IRS.

SECTION B. ALL PROGRAMS MAKING LOANS

- B1. Health and Safety:** This program is an acquisition only program. No buyer will take occupancy of a home before all necessary repairs are made to the property. All homes will be subject to a pest inspection and an inspection by the City of Lodi Building or Housing Inspector. These inspections will identify any problems with the home and the Seller will make all repairs necessary prior to the close of escrow.
- B2. Building Standards:** All homes will meet as a minimum requirement, local City Codes, or if there are no local codes, Section 8 Housing Quality Standards. To determine compliance with necessary local codes, existing homes will be inspected by the City of Lodi. The houses shall meet as a minimum requirement, all applicable local codes and health and safety standards. In addition, a licensed inspector shall make a pest inspection of the property. Any work required to correct existing conditions shall be made prior to the close of escrow. Said repairs and re-inspection shall be made at the expense of the Seller. New homes will be built under the requirements of the State of California Uniform Building Code and the Building Code of the City of Lodi. All new homes will meet all local codes, rehabilitation standards, and ordinances. Newly constructed housing must also meet the requirements of the current edition of the Model Energy Code published by the Council of American Building Officials.
- B3. Relocation:** Tenant-occupied homes are not eligible for HOME funding under the City of Lodi First-Time Homebuyer Assistance Program. It is not anticipated that the implementation of the HOME Program will result in the displacement of any persons, households, or families. However, in the event relocation is necessary, activities will be carried out in compliance with federal relocation law, Section 104(d) of the Housing and Community Development Act of 1974, as amended (42 USC Section 5301 et seq) and with 24 CFR Part 42, Section 305 et seq.
- B4. Flood Zone:** No portion of the City of Lodi is in the 100-year flood zone.
- B5. Maximum Property Value at acquisition:** The sales prices of qualifying homes must not exceed the Single-family Mortgage Limits under Section 203(b) of the National Housing Act, which for 2009 in the City of Lodi is \$362,790.
- B6. Acquisition Notice:** Prior to presenting an offer to purchase an existing home, the Buyer and/or the Buyer's agent shall require the Seller to sign two forms:
- (1) An "Acquisition Notice to Seller" (Exhibit 2): This form includes: (a) certification that the purchaser has no power of eminent domain, (b) an estimate of the fair market value of the property and, (c) a statement that if an Acquisition Notice is not given prior to the acceptance of the purchase offer, the Seller may withdraw from the agreement after this information is provided.



(2) “Notice to Sellers of Existing Homes” (Exhibit 3): This form requires that the Seller make all necessary repairs to the property prior to the close of escrow at the Seller’s expense.

Whether the existing home needs repairs or not, we will recommend that the buyer purchases a Home Protection Plan, which insures all interior electrical, plumbing, and appliances for the first twelve months. The cost of these protection plans range from \$250 to **\$300** and may be paid through escrow as a part of the closing costs.

B7. Resale/Recapture Provisions: resale/recapture provisions for the Program are stated in the promissory note (Exhibit 4) and include the following:

- a. The City will lend qualified buyers up to \$60,000 which shall be secured by a Promissory Note and a recorded Deed of Trust. The interest rate will be two percent (2%). The note will defer payments and be due and payable in 30 years (or upon transfer or non-occupancy of the property).
- b. The Note will further specify that the loan will become due and payable upon the sale or transfer of the property, if the house is no longer the principal residence of the buyers, or if the house is used as a rental unit. These restrictions shall be in effect for the entire term of the Note or until the loan is repaid to the City .
- c. Program Income will be deposited into the local HOME account and used for HOME eligible activities (Section 52.503, et seq).

BS. Method of Determining the Amount of HOME Assistance Provided to Each Household.

- a. The intent of the City’s First-time Homebuyer Program is to assist low-income households in purchasing their first home. The City intends to assist as many families as possible and, therefore, will provide the minimum assistance to each qualified family.



| | |
|--|-----------------------|
| Total Family Income | = \$ 25,000.00 |
| Minimum Monthly Payment (PITI)* | = \$ 604.17 |
| Maximum Loan @ 6.50% | = \$ 79,105.00 |
| Maximum Loan + HOME Loan (\$20,000) | = \$ 99,105.00 |
| Less Closing Costs (approx.) | = \$ 4,000.00 |
| Maximum Sales Price | = \$ 95,105.00 |
| - If this family were to decide to buy a home for \$85,000, then the assistance would be calculated as follows: | |
| Total Family Income | = \$ 25,000.00 |
| Monthly Payment (PITI)* | = \$ 604.17 |
| Maximum Loan @ 6.50% | = \$ 79,105.00 |
| Loan + HOME Loan (\$9,895) | = \$ 89,000.00 |
| Less Closing Costs (approx.) | = \$ 4,000.00 |
| Sales Price | = \$ 85,000.00 |
| \$25,000/12 x .29 = \$604.17 (PITI = principal, interest, taxes, and insurance) | |

- b. Working with a mortgage lender, the buyer must be able to qualify for a 30-year fixed rate mortgage according to accepted industry standards. Once the applicants obtain the first mortgage approval, they will request a loan from the City which shall be no more than the minimum required for the balance of the downpayment and closing costs, up to a maximum of \$60,000. The example of the method of calculating the assistance is shown above.

The City of Lodi's intent to limit the amount of assistance shall be stated in all real estate contracts as:

Buyer understands and agrees that the amount of the first loan shall be the maximum that the Buyer is able to qualify for and the amount of the loan from the City of Lodi shall be the minimum amount that is required for the balance of the downpayment and closing costs.

- c. The City has established a **minimum debt ratio** of **29%/ 42%** and will allow ratios of **32%/ 43%** for energy efficient new homes. To ensure that the City is not unduly subsidizing debt, debt ratios have been established that allow a buyer to use from 10 to **12** percent of their monthly gross income to make payments on revolving debt and loans (automobile loans, credit cards, etc.). This amount of debt is considered normal. Therefore, the maximum amount of the downpayment assistance contributed by the City shall be determined by requiring a minimum "front-end" ratio of **29** percent. This may cause some applicants to have a "back-end" ratio that is too high and they will not be able to qualify for a loan. In these cases the applicant will have to reduce their other debt in order to qualify for the program.
- d. The loan-to-value ratio for an approved loan, when combined with all



other indebtedness to be secured by the property shall not exceed 100 percent of the sales price plus a maximum of up to 5 percent of the sales price to cover actual closing costs.

B9. Monitoring/ Period of Affordability: The required affordability period varies depending on the amount of the HOME loan (Exhibit 7). During the applicable affordability period, the City will perform an annual verification of the properties that have been assisted with HOME First-time Homebuyer Downpayment Assistance funds to determine the following:

- a. The qualified household is in residence, and that the unit has not been rented or sold. The City uses three methods to ensure residence.
 1. Each homeowner shall be required to sign an annual certification that they are residing in the home.
 2. The Buyers shall be required to mail a copy of their December Utility Bill to the City each year.
 3. Public Works verifies the sewer and water accounts of every FTHB. If the name on a flagged account changes the City, HOME administrators will be notified.
- b. No additional HOME assistance may be provided during the period starting one year following the filing of the Project Completion Report through the end of the affordability period.

B10. Determination of First-Time Homebuyer Status:

“First-time homebuyer” means an individual or individuals, or an individual and his or her spouse, who have not owned a home during the three-year period before the purchase of a home with HOME assistance. First-time homebuyer status may also be conferred to an individual or individuals if the following conditions hold true:

- (1) A displaced homemaker who, while a homemaker, owned a home with his or her spouse or resided in a home owned by the spouse. A displaced homemaker is an adult who has not, within the preceding two years, worked on a full-time basis as a member of the labor force for a consecutive twelve-month period and who has been unemployed or underemployed, experienced difficulty in obtaining or upgrading employment and worked primarily without remuneration to care for his or her home and family;
- (2) A single parent who, while married, owned a home with his or her spouse or resided in a home owned by the spouse. A single parent is an individual who is unmarried or legally separated from a spouse and has one or more minor children for whom the individual has custody or joint custody or is pregnant; and



- (3) an individual or individuals who owns or owned, as a principle residence during the three-year period before the purchase of a home with HOME assistance, a dwelling unit whose structure is:
 - a. Not permanently affixed to a permanent foundation in accordance with local or state regulations; or
 - b. Not in compliance with state, local, or model building codes and cannot be brought into compliance with such codes for less than the cost of constructing a permanent structure.

LIST OF EXHIBITS

EXHIBIT 1. – Lead-based Paint Forms

EXHIBIT 2. – Acquisition Notice

EXHIBIT 3. – Notice to Sellers of Existing Homes

EXHIBIT 4. – Promissory Note

EXHIBIT 5. – Program Application

EXHIBIT 6. – Lending Guidelines

EXHIBIT 7. – Annual Monitoring Procedures



EXHIBIT 1. – Sellers Lead-Based Paint Disclosure

CITY OF LODI

Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards Warning Statement

Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

Seller's Disclosure

- (a) Presence of lead-based paint and/or lead-based paint hazards (check (i) or (ii) below):
- (i) ____ Known lead-based paint and/or lead-based paint hazards are present in the housing (explain).

- (ii) ____ Seller has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.
- (b) Records and reports available to the seller (check (i) or (ii) below):
- (i) ____ Seller has provided the purchaser with all available records and reports pertaining to Lead-based paint and/or lead-based paint hazards in the housing (list documents below).

- (ii) ____ Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

Purchaser's Acknowledgment (initial)

- (c) ____ Purchaser has received copies of all information listed above.
- (d) ____ Purchaser has received the pamphlet Protect Your Family from Lead in *Your Home*.
- (e) ____ Purchaser has (check (i) or (ii) below):
- (i) ____ received a 10-day opportunity (or mutually agreed upon period) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards; or
- (ii) ____ waived the opportunity to conduct a risk assessment or inspection for the presence of Lead-based paint and/or lead-based paint hazards.

Agent's Acknowledgment (initial)

- (f) ____ Agent has informed the seller of the seller's obligations under 42 U.S.C. 4852d and is aware of his/her responsibility to ensure compliance.

Certification of Accuracy

The following parties have reviewed the information above and certify, to the best of their knowledge, that the information they have provided is true and accurate.

| | | | |
|-----------|------|-----------|------|
| Seller | Date | Seller | Date |
| Purchaser | Date | Purchaser | Date |
| Agent | Date | Agent | Date |



EXHIBIT 1. – (continued)

CITY OF LODI Homebuyer Assistance Program Lead-Based Paint Contract Contingency Language

This contract is contingent upon a risk assessment or inspection of the property for the presence of lead-based paint and/or lead-based paint hazards at the Purchaser's expense until 9 p.m. on the tenth calendar-day after ratification. This ending date is: _____. [Insert date 10 days after contract ratification or a date mutually agreed upon]. (Intact lead-based paint that is in good condition is not necessarily a hazard. See the EPA pamphlet "Protect Your Family From Lead in *Your Home*" for more information.)

This contingency will terminate at the above predetermined deadline unless the Purchaser (or Purchaser's agent) delivers to the Seller (or Seller's agent) a written contract addendum listing the specific existing deficiencies and corrections needed, together with a copy of the inspection and/or risk assessment report.

The Seller may, at the Seller's option, within _____ days after Delivery of the addendum, elect in writing whether to correct the condition(s) prior to settlement. If the Seller will correct the condition, the Seller shall furnish the Purchaser with certification from a risk assessor or inspector demonstrating that the condition has been remedied before the date of the settlement. If the Seller does not elect to make the repairs, or if the Seller makes a counteroffer, the Purchaser shall have _____ days to respond to the counter-offer or remove this contingency and take the property in "as is" condition or this contract shall become void. The Purchaser may remove this contingency at any time without cause.

Seller Name: _____ Date: _____

Purchaser: _____ Date: _____

Property Address: _____



EXHIBIT 1. – (Continued)

LEAD-BASED PAINT

VISUAL ASSESSMENT, NOTICE OF PRESUMPTION, AND HAZARD REDUCTION FORM

| | | | |
|--|--|---|---|
| Section 1: Background Information | | | |
| Property Address: | | No LBP found or LBP exempt <input type="checkbox"/> | |
| Select one: | Visual Assessment <input type="checkbox"/> | Presumption <input type="checkbox"/> | Hazard Reduction <input type="checkbox"/> |

| | | | |
|---|--|--------------|--|
| Visual Assessment Date: | | Report Date: | |
| Check if no deteriorated paint found <input type="checkbox"/> | | | |
| the paint). | | | |

| | |
|---|--|
| Section 3: Notice of Presumption. Fill out Sections 1, 3, 5, and 6. Provide to occupant w/in 15 days of presumption. | |
| Date of Presumption Notice: | |
| Lead-based paint is presumed to be present <input type="checkbox"/> and/or Lead-based paint <i>hazards</i> are presumed to be present <input type="checkbox"/> | |
| Attachment B: Summary of Presumption: For multi-family housing, list at least the housing unit numbers and common areas, bare soil locations, dust-lead location, and or building components (including type of room or space, and the materials underneath the paint) of lead-based paint and/or hazards presumed to be present. | |

| | |
|---|---------------------------|
| Section 4: Notice of Lead-Based Paint Hazard Reduction Activity. Fill out Sections 1, 4, 5, and 6. Provide to occupant w/in 15 days of after work completed. | |
| Date of Hazard Reduction Notice: | |
| Initial Hazard Reduction Notice? Yes <input type="checkbox"/> No <input type="checkbox"/> | Start & Completion Dates: |
| If “No”, dates of previous Hazard Reduction Activity Notices: | |
| Attachment C: Activity locations and types. For multi-family housing, list at least the housing unit numbers and common areas (for multifamily housing), bare soil locations, dust-lead locations, and/or building components (including type of room or space, and the material underneath the paint), and the types of lead-based paint hazard reduction activities performed at the location listed. | |
| Attachment D: Location of building components with <u>lead-based paint remaining</u> in the rooms, spaces or areas where activities were conducted. | |
| Attachment E: Attach clearance report(s), using DHS form 8552 (and 8551 for abatement activities) | |

| | | |
|--|------------|-------|
| Section 5: Resident Receipt of Notice for Presumption or Lead-Based Paint Hazard Reduction Activity | | |
| Printed Name: | Signature: | Date: |

| | | |
|---------------------------------------|----------|---------------|
| Section 6: Contact Information | | Organization: |
| | | |
| Date: | Address: | Phone: |



EXHIBIT 2. – Disclosure to Seller with Voluntary, Arm's Length Purchase Offer

DECLARATION

This is to inform you that (name of buyers) _____ would like to purchase the property, located at (address) _____, if a satisfactory agreement can be reached. We are prepared to pay \$ _____ for a clear title to the property under conditions described in the attached proposed contract of sale.

Because Federal funds may be used in the purchase, however, we are required to disclose to you the following information:

1. The sale is voluntary. If you do not wish to sell, the buyer, _____, thru the agency, (name of agency/sponsor) _____ will not acquire your property. The buyer does not have the power of eminent domain to acquire your property by condemnation (i.e. eminent domain) and the agency/Sponsor _____ will not use the power of eminent domain to acquire the property.
2. The estimated fair market value of the property is \$ _____ and was estimated by _____, to be finally determined by a professional appraiser prior to close of escrow.

Since the purchase would be a voluntary, arms length, transaction you would not be eligible for relocation payments or other relocation assistance under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), or any other law or regulation. Also, as indicated in the contract of sale, this offer is made on the condition that no tenant will be permitted to occupy the property before the sale is completed.

Again, please understand that if you do not wish to sell your property, we will take no further action to acquire it. If you are willing to sell the property under the conditions described in the attached contract of sale, please sign the contract and return it to us at: _____ . If you have any questions about this matter, please contact _____ at _____

Sincerely,

Title

Buyer

Date

Buyer

Date

(Form continues on next page with Seller's Acknowledgment)



ACKNOWLEDGEMENT

As the Seller Ywe understand that the (affiliation and title of inspector) _____ will inspect the property for health and safety deficiencies. I/we also understand that public funds may be involved in this transaction and, as such, if the property was built before 1978, a lead-based paint disclosure must be signed by both the buyer and seller, and that a Visual Assessment will be conducted to determine the presence of deteriorated paint.

As the Seller, I/we understand that under the City of Lodi's program, the property must be currently owner-occupied, vacant for three months at the time of submission of purchase offer, new (never occupied), or renter purchasing the unit. I/we hereby certify that the property is:

☐ Vacant at least 3 months; ☐ Owner-occupied; ☐ New; or ☐ Being Purchased by Occupant

I/we hereby certify that I have read and understand this "Declaration" and ☐ a copy of said Notice was given to me prior to the offer to purchase. If received after presentation of the purchase offer, I/We choose ☐ to withdraw or ☐ not to withdraw, ~~from~~ the Purchase Agreement.

Seller

Date

Seller

Date



EXHIBIT 3. – Notice To Sellers of Existing Homes

This offer to purchase your property located at _____, is subject to the following terms and conditions:

- 1) The purchase price offered in the Purchase agreement is the Buyer's best estimate of the fair market value for this property. The offer is conditioned upon an appraisal made by a licensed appraiser and paid for by the Seller. Should the appraisal be for a value lower than the offer, the offered amount shall be reduced to the amount of the appraisal. If the amount of the appraisal is unacceptable to the Seller, he shall have the right to cancel the contract with no further obligations to the Buyer.
- 2) A pest inspection of your property shall be required **and** any work required to correct existing conditions shall be made prior to the close of escrow. Said repairs and re-inspection shall be made at the expense of the Seller.
- 3) Smoke detectors shall be installed in all the bedrooms and family rooms.
- 4) Water heater installation shall meet current building codes and seismic requirements
- 5) House shall meet, as a minimum standard requirement, the Section 8 Housing Quality Standards as well as all applicable local codes and health and safety standards.
- 6) Any roof leaks, plumbing leaks, broken windows or broken doors must be repaired or replaced prior to the close of escrow.
- 7) Lead Based Paint Abatement. If your home was built before 1978 you will be required to have our home inspected by a City of Lodi Building or Housing Inspector or an authorized representative under contract with the City . All defective paint must be abated at the expense of the Seller and abatement must be performed by a State Licensed Abatement Contractor according to abatement guidelines (24CFR35.1325 et seq) and included in the HUD publication "*Lead-Paint Safety, a field guide for painting, home maintenance, and renovation work*"

When all repairs have been made to the property the appraiser will re-inspect the property to insure that all the above conditions have been met. Seller shall furnish the appraiser with copies of all receipts for work done to correct the above requirements.

Sellers herein acknowledge receipt of this Notice:

Seller _____ Date _____

Seller _____ Date _____



EXHIBIT 4. – Promissory Note

CITY OF LODI HOME First Time Homebuyer Program SECURED BY DEED OF TRUST

Borrower:

Property Address: San Joaquin County, California

Lender: City of Lodi

Principal Amount:

Date:

The "Borrower(s)", for value received, promises to pay to the CITY OF LODI ("Holder"), 221 W. Pine Street, Lodi, California, 95240, or any other place designated in a writing submitted by Holder to Borrower, the principal sum of _____ plus interest on the unpaid principal balance according to the terms contained in this note.

Use of Funds: The loan is being made in order to assist me/us in purchasing the property at the address above.

Term: This Note shall be for a term of Thirty (30) years at which time all unpaid principal and interest remaining will be due and payable. Said maturity shall be on the same day of the year as the Date of this Note.

Interest: This Note shall bear interest on the unpaid principal balance from the Date (as stated above), and be computed as simple interest upon the unpaid balance of the principal amounts and at the annual rate of percent (%) (interest rate shall be 5 percentage points lower than the interest rate stated on the senior note but no less than 1%) until the principal balance of this Note and all accrued interest on the Note are paid in full.

Payments: No installment payments of principal or interest are required during the first thirty years after the making of this note at which time the note shall become all due and payable in lawful money of the United States.

Acceleration: This property must remain as the principal residence of the trustors' of this note and the principal and accrued interest stated in this note shall become all due and payable upon any total or partial sale, transfer, conveyance, assignment or lease of the whole or any part of the real property described in the Deed of Trust. The Holder may elect to waive this acceleration and allow this note to be assumed providing: the subsequent buyers qualify as a Low Income Family as per Section 92.254 of 24 CFR Part 92; the sales price is no greater than 95% of the median purchase price for a single



family home; the property meets the property standards described in Section 92.251 of 24CFR Part 92; and the subsequent buyers assume the responsibility for the full repayment of this note subject to the terms and conditions of this note.

Obligations of Persons Under This Note: If more than one person signs this Note, each person is fully and personally obligated to keep all the promises made in this Note, including the promise to pay the full amount owed. The Note holder may enforce its rights under this note against each person individually or against all of us together. This means that any one of us may be required to pay the entire amount owed under this Note.

Giving of Notice: Unless applicable law requires a different method, any notice that must be given to me/us under this Note will be given by mailing it by first class mail to me/us at the property address above or at a different address if Uwe give the Note Holder a notice of a different address.

Any notice that must be given to the Note Holder under this Note will be given by mailing it by first class mail to the Note Holder at the address stated in the first paragraph or at a different address if Uwe am/are given a notice of that different address

Recapture of Investment: Should the property be sold prior to the retirement of the note, to a Buyer that does not qualify as a Low Income Buyer, then the note shall become all due and payable and the entire downpayment assistance shall be recaptured from the net proceeds of the sale. If the net proceeds are not sufficient to recapture the full HOME investment plus enable the homeowner to recover the amount of the homeowner's downpayment, principal payments, and any capital improvement investment, the City will forgive up to 6% of the total HOME investment plus accrued interest for each year of ownership. The forgiveness of this debt shall in no way exceed the total amount of the homeowner's downpayment, principal payments, and capital improvement investments.

Subordination: This note shall be subordinate to the original senior loan, any refinancing or early pay-off or release of the note secured by the senior deed of trust shall cause this note to move into senior position.

(Form continues on next page with Attorney's Fees)



Attorney's Fees: Borrower(s) agrees to pay the following costs, expenses, and attorneys' fees paid or incurred by the Note Holder. If the Holder brings any action or proceeding in connection with the enforcement or collection of this Note, the Prevailing Party (as hereafter defined) in any such proceeding, action or appeal thereon, shall be entitled to reasonable attorney's fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term "Prevailing Party" shall include, without limitation, the party who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other party of its claim or defense. The attorney's fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorney's fees reasonably incurred.

In addition to the foregoing award of attorneys' fees, the Note Holder shall be entitled to its attorney fees incurred in any post judgment proceedings to enforce any judgment in connection with this Note. This provision is separate and several and shall survive the merger of this provision into any judgment.

Borrower (s): _____ Date: _____

_____ Date: _____



EXHIBIT 5. – Program Application Form

City of Lodi First-time Homebuyer Downpayment Assistance Program Application

The City of Lodi First-time Homebuyer Downpayment Assistance Program provides deferred-payment, low-interest loans to assist low and very-low income families purchase a qualified home in the within the Lodi city limits.

Please complete the form and fax it, along with all supporting financial documentation (see checklist below), to **(209) 333-6842**. Alternately, you may mail or deliver the application to the following address:

City of Lodi
Community Development Department
221 W. Pine Street
Lodi, CA 95240

After receiving your application and all required supporting documentation, the City will determine whether or not you are eligible for assistance through the First-time Homebuyer Program. The City will notify you of your eligibility status. If it determined that you are eligible for assistance, the City will assist you in finding an eligible home and a primary lender. Further questions about the process or conditions of the First-time Homebuyer Program may be directed to the City of Lodi Community Development Department –Neighborhood Services Division at (209) 333-6711.

Application Checklist

Please include the following financial information for each household member who is over the age of 18. The City may request additional documentation of your income after reviewing your application.

- | | |
|--|---|
| <input type="checkbox"/> 2005 and 2006 1040 forms | <input type="checkbox"/> Homeowner hazard insurance policy |
| <input type="checkbox"/> 2005 and 2006 W-2s | <input type="checkbox"/> Annual tax bill |
| <input type="checkbox"/> Savings account statement(s), last 2 months | <input type="checkbox"/> Deed or title to property |
| <input type="checkbox"/> Eight recent pay stubs, Social Security award letters, etc. | <input type="checkbox"/> Checking account statement(s), last 6 months |
| <input type="checkbox"/> Divorce documents, showing child support and alimony | <input type="checkbox"/> Benefits statements (e.g., pension, Social Security) |

Maximum Income by Household Size

To qualify for the First-time Homebuyer Program, the household income must be equal to or less than the amount shown below for the number of persons in the household. The table below reflects the current (2007) income limits. These income limits are annually updated by HUD.

| Maximum Income by Number of Persons in Household | | | | | | | |
|--|----------|----------|----------|----------|----------|----------|----------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| \$35,650 | \$40,700 | \$45,800 | \$50,900 | \$54,950 | \$59,050 | \$63,100 | \$67,200 |



CITY OF LODI FIRST-TIME HOMEBUYER PROGRAM APPLICATION

| APPLICANT INFORMATION | | | | |
|---|---------------------------|--------------------|-----------------|---------------------------|
| Last Name: | | First Name: | | M.I.: Daytime Phone: |
| Street Address: | | City: | | State: Zip Code: |
| Social Security Number: | Gender: __M__F | Disabled __Y__N | | Birth Date: |
| Employer Name: | | | Employer Phone: | |
| Employer Street Address: | | City: | | State: Zip Code: |
| Owned a home in the last 3 years? __Y__N | | | | |
| CO-APPLICANT INFORMATION | | | | |
| Last Name: | | First Name: | | M.I.: Daytime Phone: |
| Street Address: | | City: | | State: Zip Code: |
| Social Security Number: | Gender: __M__F | Disabled __Y__N | | Birth Date: |
| Employer Name: | | | Employer Phone: | |
| Employer Street Address: | | City: | | State: Zip Code: |
| Owned a home in the last 3 years? __Y__N | | | | |
| HOUSEHOLD COMPOSITION (List the head of your household and all members who live in your home. Give relationship of each family member to head.) | | | | |
| Full Name | Relationship to Applicant | Date of Birth | | |
| | Self | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |



| INCOME INFORMATION | | | | |
|------------------------|---------------------|--------------------|------------------------|-----------------------|
| | Applicant - Monthly | Applicant - Annual | Co-applicant - Monthly | Co-applicant - Annual |
| Wages, Salaries, etc. | \$ | \$ | \$ | \$ |
| Tips or Commission | \$ | \$ | \$ | \$ |
| social Security | \$ | \$ | \$ | \$ |
| Retirement Funds | \$ | \$ | \$ | \$ |
| Unemployment Benefits | \$ | \$ | \$ | \$ |
| Worker's Compensation | \$ | \$ | \$ | \$ |
| Alimony, Child Support | \$ | \$ | \$ | \$ |
| Welfare Payments | \$ | \$ | \$ | \$ |
| Other: | \$ | \$ | \$ | \$ |
| TOTAL | \$ | \$ | \$ | \$ |

| ASSET INFORMATION | | | | |
|------------------------|------------|---------------------------|-----------|-------------|
| Type | Cash Value | Annual Income from Assets | Bank Name | Account No. |
| Checking Accounts | \$ | \$ | | |
| | \$ | \$ | | |
| Savings Accounts | \$ | | | |
| | \$ | | | |
| Stocks | \$ | \$ | | |
| Investment Real Estate | \$ | \$ | | |
| Other: | \$ | \$ | | |
| | \$ | \$ | | |
| | \$ | \$ | | |
| TOTAL | \$ | \$ | | |



LIABILITY INFORMATION (list outstanding obligations including auto loans, credit cards, charge accounts, credit union loans, personal loans, real estate loans, etc.)

| Type | Monthly Payment | Unpaid Balance | Creditor's Name | Due Date |
|--------------|-----------------|----------------|-----------------|----------|
| | \$ | \$ | | |
| | \$ | \$ | | |
| | \$ | \$ | | |
| | \$ | \$ | | |
| | \$ | \$ | | |
| | \$ | \$ | | |
| | \$ | \$ | | |
| | \$ | \$ | | |
| TOTAL | \$ | \$ | | |

The information provided above is true and complete to the best of my/our knowledge and belief. **I/We** consent to the disclosure of such information for purposes of income verification related to my/our application for financial assistance. **I/We** understand that any willful misstatement of material fact will be grounds for disqualification.

Applicant

Date

Co-Applicant

Date

Race and Ethnicity Form

This information is confidential and is only used for government reporting purposes to monitor compliance with equal opportunity laws. This information will not affect your eligibility for the program that you are applying to. Please note that self-identification of race/ethnicity is voluntary.

Name: _____

| <i>Ethnic Categories</i> | Select One |
|---|-----------------------|
| Hispanic or Latino | |
| Not-Hispanic or Latino | |
| <i>Racial Categories</i> | Select All that Apply |
| American Indian or Alaska Native | |
| Asian | |
| Black or African American | |
| Native Hawaiian or Other Pacific Islander | |
| White | |
| Other | |



City of Lodi

First-time Homebuyer Downpayment Assistance Program

Information Release From

To Whom It May Concern:

I/We authorize the City of Lodi, and any credit reporting agency utilized by the City of Lodi to verify any information necessary in connection with a downpayment assistance loan application, including, but not limited to, the following:

1. Credit History
2. Bank Accounts
3. Employment and Income
4. Benefits

Authorization is further granted to use of photographic copy of my/our signature(s) below to obtain information regarding any of the aforementioned items.

| | |
|-----------|-----------|
| Applicant | Signature |
|-----------|-----------|

| | |
|------------------------|---------------|
| Social Security Number | Date of Birth |
|------------------------|---------------|

| | |
|--------------|-----------|
| Co-Applicant | Signature |
|--------------|-----------|

| | |
|------------------------|---------------|
| Social Security Number | Date of Birth |
|------------------------|---------------|

| | |
|------|-----------|
| Name | Signature |
|------|-----------|

| | |
|------------------------|---------------|
| Social Security Number | Date of Birth |
|------------------------|---------------|

| | |
|------|-----------|
| Name | Signature |
|------|-----------|

| | |
|------------------------|---------------|
| Social Security Number | Date of Birth |
|------------------------|---------------|



EXHIBIT 6. – Lending Guidelines

CITY OF LODI First Time Home Buyer Program

BORROWER ELIGIBILITY

| Household Size | 1 Person | 2 Persons | 3 Persons | 4 Persons | 5 Persons | 6 Persons | 7 Persons | 8 Persons |
|----------------|----------|-----------------|-----------------|-----------|-----------|-----------|-----------|-----------|
| Income Limit | \$35,650 | \$40,700 | \$45,800 | \$50,900 | \$54,950 | \$59,050 | \$63,100 | \$67,200 |

Please note that the Federal Guidelines do not allow averaging for the purpose of determining annual income, and require that the applicant's current income be projected forward to determine eligibility. If your applicant's income comes close to the limit or you have questions regarding calculation procedures, please contact the program administrators.

BUYER CONTRIBUTION

The Buyer will be required to contribute a minimum of 2% of the sales price, plus credit report fee.

LOANS

All loans will be 30-year fixed rate loans and interest buy-downs will not be allowed.

IMPROVEMENT BONDS (New Construction)

All improvement bonds shall be paid-in-full by the Seller in escrow.

DOWN PAYMENT ASSISTANCE

The City will provide up to \$60,000 in assistance secured by a silent second deed of trust at an interest rate of 2%. The note shall be all due and payable upon transfer, non-occupancy, or in 30 years, whichever occurs first.

DEBT RATIOS

The City wants to assist as many families as possible and therefore will provide the minimum assistance required to each qualified family. Consistent with this intent, the City requires that the buyer's front debt ratio be at least 29%. In addition, the City requires that the lenders follow good lending practices and, if ratios exceed 35% front or 45% back, compensating factors must be approved by the administrators.

PROPERTY ELIGIBILITY

PROPERTY TYPES

Only single-family residences are eligible. The SFR may be a detached unit, a condominium unit, or a townhouse unit. Units may be new construction or existing (a.k.a., a resale unit). New construction must be complete (i.e., all livable areas finished) and have a certificate of completion/occupancy.

PROJECT APPROVAL

A condominium or townhouse project must have approval from the first mortgage loan investor and insurer.

OCCUPANCY

Only owner-occupied primary residences are eligible.



CURRENT PROPERTY OCCUPANCY

The City will not pay relocation expenses for a tenant. If applicable, this factor must be disclosed to the seller prior to execution of a purchase contract. Therefore, the property to be purchased must be occupied by the owner/seller, vacant, or occupied by the Borrower (i.e., tenant purchase). If the property being purchased with the assistance of the FTHB program is occupied by any tenant at or after the time the buyer(s) execute the original contract of sale or if a tenant(s) has been asked to vacate the property in order to accomplish the sale, the property will be ineligible for the FTHB program.

LOCATION

The property must be located in the City of Lodi, California.

PURCHASE PRICE

The FTHB loan program sets a limit on the maximum purchase price based on the HUD FHA 203(b) limits. Subject to change, the current limit is **\$362,790**. The maximum purchase price may also be restricted by the lesser of the Borrower's ability to qualify the selected first mortgage loan or the loan program maximum dollar amount or loan-to-value.

PROPERTY SIZE

The FTHB does not state restrictions on the number of occupants per bedroom (but the property and the number of inhabitants must meet local housing codes).

ZONING

The area where the property is located must be zoned residential.

INSPECTION

The property must meet FHA housing quality standards for safe, decent, and sanitary livability. A representative of the City of Lodi must perform the inspection. A lead based paint assessment that meets Federal Standards will also be required if the home was built prior to 1978. This assessment must be performed by a State Licensed Lead Paint Inspector.

REHABILITATION

The property to be purchased must be in suitable condition to be habitable without any significant rehabilitation that would affect livability i.e. any required repair or rehabilitation must be complete prior to loan closing.

EQUAL HOUSING

The City of Lodi is a strong supporter of the Affirmative Fair Marketing legislation and requires that all Real Estate firms, Lenders, and Escrow Companies display the Equal Housing Logo in their advertising and at their place of business.

NOTICE

The City of Lodi is aware that most first time homebuyer households are not familiar with the terminology used in the real estate, lending and building industries. All Builders, Lenders and Realtors will make full disclosure of all costs, fees, assessments and the terms and conditions of the purchase prior to obtaining signatures. All advertising shall include the total cost to the Buyer. Any Builder, Lender or Realtor found to be using deceptive practices or misleading advertising will not be allowed to participate in the program.



CITY OF LODI

First-Time Homebuyer Down Payment Assistance Program Loan Package Checklist

Buyers Name: _____

Property Address: _____

- | | |
|--|--------------------------|
| 1. Program Application Form | <input type="checkbox"/> |
| 2. Purchase Agreement | <input type="checkbox"/> |
| 3. Seller of Existing Homes* | <input type="checkbox"/> |
| 4. Acquisition Notice | <input type="checkbox"/> |
| 5. Borrower's Affidavit | <input type="checkbox"/> |
| 6. Income Tax Return (3 years) | <input type="checkbox"/> |
| 7. Employment Verification | <input type="checkbox"/> |
| 8. Last 8 Months Pay Stubs | <input type="checkbox"/> |
| 9. w-2s | <input type="checkbox"/> |
| 10. Checking & Savings Account Statements (6 months) | <input type="checkbox"/> |
| 11. Loan Application | <input type="checkbox"/> |
| 12. MCAW | <input type="checkbox"/> |
| 13. Appraisal & CIR or MCRV&NOC | <input type="checkbox"/> |
| 14. Lead Base Paint Clearance (pre-1978) | <input type="checkbox"/> |
| 15. "Lead Base Paint" Disclosure | <input type="checkbox"/> |
| 16. CHFA Conditional Approval | <input type="checkbox"/> |
| 17. Estimated HUD-1 | <input type="checkbox"/> |
| 18. Credit Report | <input type="checkbox"/> |
| 19. Pest Report / Soil Treatment | <input type="checkbox"/> |

| | |
|--|------------------------------------|
| Title Company: _____ | Phone No. (____) _____ |
| Title Contact Name: _____ | Fax No. (____) _____ |
| Lender: _____ | Phone No. _____ |
| Lender Contact Name: _____ | Fax No. _____ |
| Sales Price: _____ | Appraised Value: _____ |
| Loan Amount: 1 st _____ | Loan Rate: _____ |
| Family Size: _____ | Loan Amount: 2 nd _____ |
| Monthly Income: _____ | Number of Bedrooms: _____ |
| Prior to Purchase House was occupied by: Seller <input type="checkbox"/> | Tenant <input type="checkbox"/> |
| Year House Built: _____ | Vacant <input type="checkbox"/> |
| Ethnicity of Buyers: _____ | |
| Familial Status: _____ | |
| Top Debt Ratio: _____ | |
| Bottom Debt Ratio: _____ | |

NOTE: Send packages and direct communication to the program administrators:

* Not required for new homes

Program Administrator's Address:

City of Lodi Community Development
Department
P.O. Box 3006
Lodi, CA 95241-1910
Phone: (209) 333-6711
FAX: (209) 333-6842



EXHIBIT 7. – Program Monitoring

CITY OF LODI

HOME First-Time Homebuyer Downpayment Assistance Program Monitoring

The City will perform an annual verification of the properties that have been assisted with HOME First-time Homebuyer Down payment Assistance as follows:

For loans up to \$15,000, the period of affordability is five (5) years and the loans will be monitored annually for each of the five (5) years. For loans between \$15,000 and \$40,000 the period of affordability and monitoring is for the first ten years of the loan. For loans above \$40,000 the period of affordability and monitoring is for the first 15 years of the loan.

Sixty (60) days prior to the anniversary date of the close of escrow, each homebuyer will be contacted by mail, telephone, or a personal visit to verify the names of each resident in the home.

Written verification will be placed in the project file. The verification should include the following data:

1. Name of the buyer of record
2. Address of the home
3. Date of close of escrow
4. Date of verification
5. Names of all residents as of the date of verification
6. Method of verification (letter, telephone call, personal visit)
7. Name of City /Consultant conducting the monitoring
8. Recommendation: if the original buyer is still living in the home there is no recommendation; if the buyer has moved, or the home is rented or uninhabited, action shall be taken to start collection procedures of the HOME funds.



Exhibit B

Income Qualification Limits

Source: State of California Housing and Community Development 2009 CDBG & HOME Income Levels
Effective April 27, 2009

30% AMI Limit

| 1 Person | 2 Persons | 3 Persons | 4 Persons | 5 Persons | 6 Persons | 7 Persons | 8 Persons |
|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| \$13,350 | \$15,300 | \$17,200 | \$19,100 | \$20,650 | \$22,150 | \$23,700 | \$25,200 |

50% AMI Limit

| 1 Person | 2 Persons | 3 Persons | 4 Persons | 5 Persons | 6 Persons | 7 Persons | 8 Persons |
|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| \$22,250 | \$25,450 | \$28,600 | \$31,800 | \$34,350 | \$36,900 | \$39,450 | \$42,000 |

60% AMI Limit

| 1 Person | 2 Persons | 3 Persons | 4 Persons | 5 Persons | 6 Persons | 7 Persons | 8 Persons |
|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| \$26,700 | \$30,540 | \$34,320 | \$38,160 | \$41,220 | \$44,280 | \$47,340 | \$50,400 |

80% AMI Limit

| 1 Person | 2 Persons | 3 Persons | 4 Persons | 5 Persons | 6 Persons | 7 Persons | 8 Persons |
|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| \$35,650 | \$40,700 | \$45,800 | \$50,900 | \$54,950 | \$59,050 | \$63,100 | \$67,200 |